Martin Lynch

ELKS STORES LIMITED

ANNUAL REPORT 1974

OUR NEW CORPORATE TRADE MARK

A strong linear design indicative of growth and solidarity in an aggressive men's wear retailing industry.

FINANCIAL HIGHLIGHTS

	1974	1973
Sales	$17,646,000	$11,982,000
Income Before Taxes	$ 1,224,000	$ 1,040,000
Net Income	$ 598,000	$ 535,000
Cash Flow	$ 1,111,000	$ 751,000
Working Capital	$ 1,291,000	$ 1,568,000
Shareholder's Equity	$ 2,633,000	$ 2,459,000
Total Assets	$11,019,000	$ 6,179,000
Weighted Average Number of Shares Outstanding	740,292	593,750
Net Income Per Share	$ 0.81	$ 0.90
Cash Flow Per Share	$ 1.50	$ 1.26


Elk's


HAMPTONS


Elk's

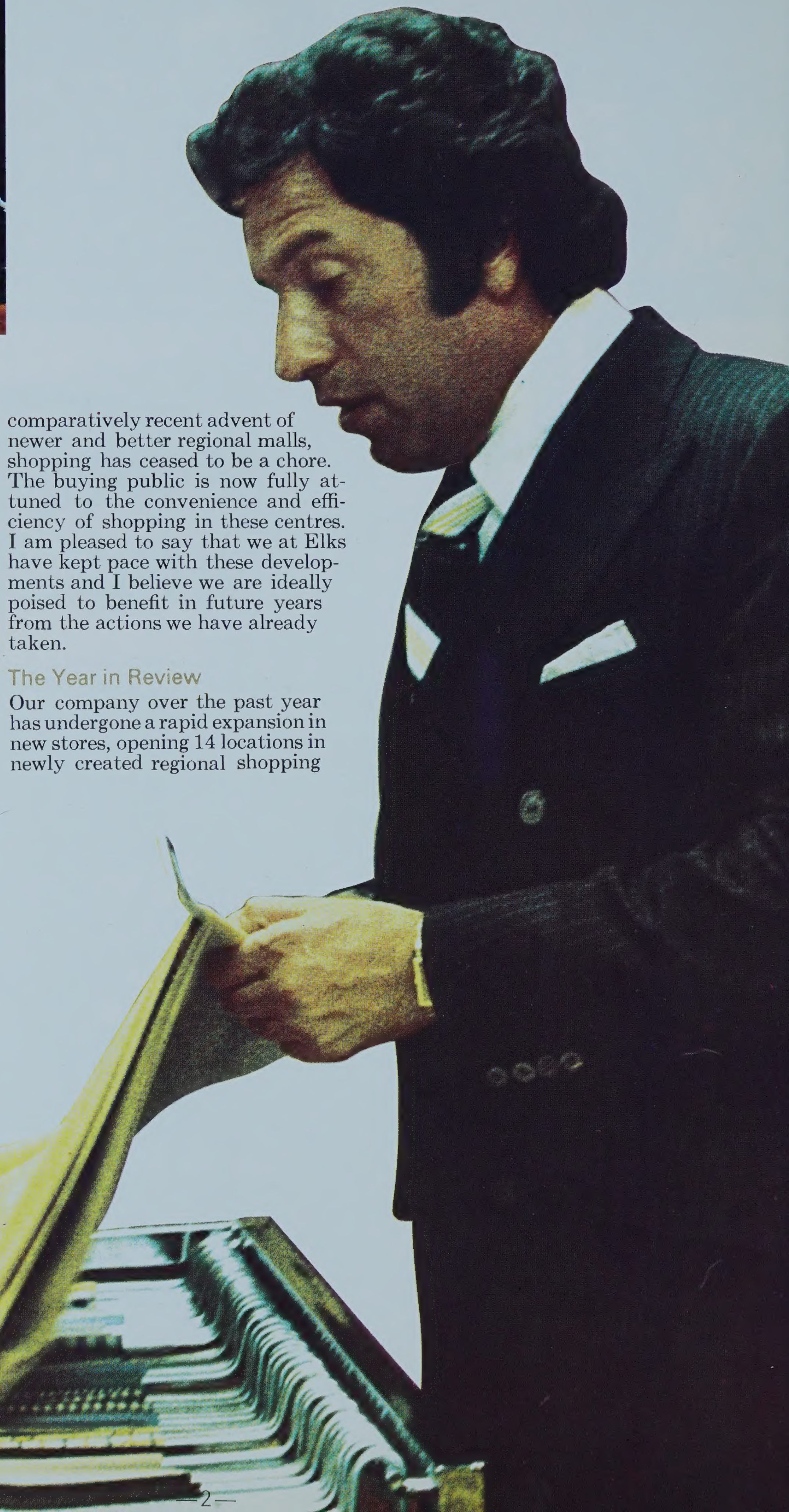

taylor's
WEAR


JOE FELLER


Elk's


HAMPTONS
distinctive apparel for gentlemen


DAPPER DAN
Dapper Dan



To Our Shareholders:

During the past fiscal year, our company recorded notable progress in several important areas. In this period we made a substantial investment in the future of the company. We are consciously committed to a program of orderly and efficient expansion by the extension of our existing operations and by way of selective acquisition.

The Changing Market

There has been a fundamental and important change in our business in recent years. Interest in fashion on the part of the male consumer has become increasingly more evident. His inclination to spend more of his disposable income on clothing is apparent in the care and attention he applies to his manner of dress. He is more style conscious in his choice of business clothing than ever before. He dresses for the evening, he dresses for relaxation, and he dresses for recreation. In short, the male has broken loose from his stereotyped conservative and conformative approach to fashion.

Coincidental with the emancipation of the male in fashion, there has been an equally important evolution in merchandising. With the comparatively recent advent of newer and better regional malls, shopping has ceased to be a chore. The buying public is now fully attuned to the convenience and efficiency of shopping in these centres. I am pleased to say that we at Elks have kept pace with these developments and I believe we are ideally poised to benefit in future years from the actions we have already taken.

The Year in Review

Our company over the past year has undergone a rapid expansion in new stores, opening 14 locations in newly created regional shopping

centres. Sites were carefully selected and stores were designed in keeping with our updated merchandising image, and this required a substantial investment to ensure they will be productive for a number of years.

In addition, two stores of Dapper Dan Inc. in Montreal, as well as the Debonaire store in Chomedey, Quebec were acquired by the Elks Group, bringing our total stores to 58 by the end of the fiscal period. The Dapper Dan acquisition was a major coup for the company. It provided us with an immediate and important presence in Montreal. Dapper Dan is one of the best known retailers in the city. The Dapper Dan Store at Bleury and St. Catherine sells more jeans than any other store in the world. Dapper Dan's strong management is a valuable addition to the Elks merchandising team.

Subsequent to the fiscal year end, we have opened four additional stores. These include one Elks store, one Dapper Dan and two Joe Feller stores. One of the latter was opened in Place Ville Marie, Montreal in early June and will be our flagship store in the Quebec market.

The impact of new store openings and acquisitions, the costs of which were met by internally generated funds and bank borrowings, will not be fully reflected in sales and profits until the end of the current fiscal period. Many of these locations were not in place long enough to influence results, and yet most of the attendant costs of store openings and advertising have already been borne. While from an accounting perspective leases are not regarded as an asset, we feel that in these days of rapidly escalating rental charges, particularly on prime locations, our long-term relatively low-rate package of leases is, in fact, an extremely significant asset of the company.

A heavy investment was made in advertising to establish our new merchandising image and secure our position in new markets. The benefits of these advertising expenditures, I am pleased to say, will continue for some time. Our advertising program, in addition to being effective, was the recipient of two international awards.

Our management team was significantly strengthened during the year to handle the increased volume of business and our on-going expansion program. In addition, management information systems, internal communications and data analysis procedures have been, and are in the process of being, redesigned. These procedures, when totally in place, will allow management to respond to change more quickly and more effectively and should have a profound effect on our performance within this current fiscal year.

In keeping with the above, the corporate head office was moved into larger and more modern quarters in the spring of 1973. This provided much needed space to accommodate our large accounting, merchandising, warehousing and display departments.

To maintain a high degree of competence among our sales people, we created a 'Retailing College'. This training and refresher school is designed to keep managers and employees up-to-date with changes in fashion, merchandising and our accounting techniques.

Financial Results

While sales of our company recorded a dramatic 47 percent growth from under $12 million to in excess of $17.6 million during the fiscal period, I should again emphasize that our current investment in store locations can, and will, sustain a much higher volume of sales commencing this year. Net income, which rose 12 percent from $535,000 to $598,000, has borne the unusually heavy cost of expansion, as well as the advertising and head office expenses necessary to prepare us for the years ahead. Higher costs of money to support our expansion and carry increased inventory and receivables also had a negative, and we feel temporary, effect on these earnings.

It should be noted that there was a substantial increase in inventory during the year. The increase was caused by the heavy investment in starting inventories for new stores, and by management's plan to provide for possible shortages in merchandise.

Future

It is our intention to continue our expansion into new markets as well as to expand in areas where we already have market position. We are planning to open three Elks, one Hamptons and two Joe Feller stores before the end of the current fiscal year.

We have in place, the management, the employees, the corporate systems and the locations to support a greater volume of business. Tighter controls and newly implemented efficiencies will give us the foundation to handle this volume with minimal increases in costs. We have all the ingredients to attain a much higher plateau in sales and earnings in the future. We are now of a size where we are a factor in the market place and an important factor with suppliers. Major efforts this year will be directed to consolidating our position and further streamlining our efficiencies.

In recent months there has been concern expressed about economic conditions in this country. I feel that our company has the flexibility to generate sales and control costs and at the same time provide our customers with the quality and service they have learned to expect from us.

Acknowledgement

The achievements of our company in the past and its bright prospects for the future are due in large measure to the loyalty and dedication of our management and staff. The Directors extend their appreciation for their fine efforts.

Respectfully submitted on
behalf of the Board of Directors:

Manuel Elkind
President and Chief Executive Officer

ELKS STORES LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET JANUARY 26, 1974

ASSETS	1974	1973 (Note 11)
Current:		
Cash	$ 386,632	$ 216,415
Accounts receivable, less allowance for doubtful accounts	1,109,747	830,453
Inventory at the lower of cost and net realizable value	6,159,440	3,625,498
Prepaid expenses and sundry assets	211,772	92,805
Marketable securities, at cost (Note 1)	180,000	—
	8,047,591	4,765,171
Property, equipment and leasehold improvements, at cost less accumulated depreciation and amortization (Note 2)	2,548,820	1,329,935
Other:		
Deferred costs, less amounts amortized (Note 3)	422,985	84,028
	$11,019,396	$ 6,179,134

LIABILITIES

	1974	1973
Current:		
Bank indebtedness (Note 4)	$ 1,600,001	$ 989,500
Accounts payable and accrued liabilities	4,199,998	1,741,085
Income taxes	191,055	305,905
Current portion of long-term debt	766,000	160,834
	6,757,054	3,197,324
Long-term debt (Note 5)	1,408,416	471,168
Deferred income taxes	221,310	51,310
SHAREHOLDERS' EQUITY		
Capital stock (Note 6)	1,324,540	1,322,350
Retained earnings	1,308,076	1,136,982
	2,632,616	2,459,332
	$11,019,396	$ 6,179,134

See accompanying notes.

On behalf of the Board:

Director

Director

AUDITORS' REPORT

To the Shareholders of
Elks Stores Limited

We have examined the consolidated balance sheet of Elks Stores Limited and its subsidiaries as at January 26, 1974 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 26, 1974 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied, after giving effect to the reclassification referred to in Note 11, on a basis consistent with that of the preceding year.

Laventhol Krekstein Horwath & Horwath
Chartered Accountants.

Toronto, Ontario,
May 27, 1974.

ELKS STORES LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED JANUARY 26, 1974

	1974	1973
Sales	$17,646,533	$11,981,794
Expenses:		
Cost of sales and operating expenses	15,776,983	10,707,430
Depreciation and amortization	343,306	178,067
Interest on long-term debt	111,375	32,843
Other interest	190,938	23,831
	16,422,602	10,942,171
Income before income taxes	1,223,931	1,039,623
Income taxes	625,740	504,909
Net income	598,191	534,714
Retained earnings at beginning of year (restated Note 9)	1,136,982	761,344
	1,735,173	1,296,058
Expenses of issuing shares, less related income taxes of $26,357	—	27,887
Net excess of cost of shares of subsidiaries over net book value at dates of acquisition and goodwill of predecessor companies and related costs	427,097	131,189
	427,097	159,076
Retained earnings at end of year	$ 1,308,076	$ 1,136,982
Earnings per share (Note 10)	81¢	90¢

See accompanying notes.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED JANUARY 26, 1974

	1974	1973 (Note 11)
Source of funds:		
Operations:		
Net income	$ 598,191	$ 534,714
Add charges to income not requiring a current outlay of funds:		
Depreciation and amortization	343,306	178,067
Deferred income taxes	170,000	37,772
	1,111,497	750,553
Issue of common shares	2,190	1,316,250
Increase in long-term debt	987,248	400,875
Excess of net book value of Joe Feller Limited over cost of shares	—	76,574
	2,100,935	2,544,252
Application of funds:		
Reduction of long-term debt	50,000	—
Redemption of preference shares	—	200
Excess of cost of acquisition of Dapper Dan Men's Wear Inc. over net book value	427,097	—
Purchase of property, equipment and leasehold improvements	1,489,576	664,104
Expenses of issuing shares	—	27,887
Deferred costs (Note 3)	411,572	84,028
	2,378,245	776,219
Increase (decrease) in working capital	(277,310)	1,768.033
Working capital (deficiency) at beginning of year (restated, Note 11)	1,567,847	(200,186)
Working capital at end of year	$ 1,290,537	$ 1,567,847

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JANUARY 26, 1974

1. CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements include all the subsidiaries of the company, which are all wholly-owned:

January 27, 1973
- Elks Stores Limited
- Kerrigan Clothes Limited
- Joe Feller Limited (operations from date of acquisition)

January 26, 1974
- Elks Stores Limited
- Kerrigan Clothes Limited
- Joe Feller Limited
- Dapper Dan Men's Wear Inc. (operations from date of acquisition)

On October 1, 1973, the company acquired all of the issued shares of Dapper Dan Men's Wear Inc. The following net assets were acquired in the transaction, which was accounted for as a purchase:

Assets at book value:	
Current*	$519,783
Equipment and leasehold improvements	50,864
	570,647
Liabilities at book value	(246,490)
Excess of cost of net assets at date of acquisition over book value, Goodwill	427,097
Net assets acquired	$751,254

The purchase consideration was as follows:	
Cash	$411,254
Promissory notes, interest free, due March 1, 1974	300,000
Promissory note, 8% interest from March 1, 1974, due September 1, 1974	40,000
Total purchase price	$751,254

*Marketable securities in the amount of $180,000 are included in the current assets acquired. These securities were sold subsequent to January 26, 1974 for approximately $158,000.

2. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS:

	Annual rates	Cost	Accumulated Depreciation and Amortization	Net January 26, 1974	Net January 27, 1973
Office, warehouse store, and automotive equipment	1/7 of original cost	$1,878,110	$ 925,211	$ 952,899	$ 525,699
Leasehold improvements	Term of lease and option to a maximum of 10 years	2,108,681	512,760	1,595,921	804,236
		$3,986,791	$1,437,971	$2,548,820	$1,329,935

The annual rates are designed to write off the assets over their estimated useful life.

3. DEFERRED COSTS:

The costs relate primarily to pre-opening expenditures of new stores and are amortized over 36 months commencing with the month after the date of opening. Deferred costs amortized during 1974 and included in cost of sales and operating expenses on the consolidated statement of income and retained earnings amount to $72,615 (1973 — $9,598).

4. BANK INDEBTEDNESS:

As collateral for bank indebtedness, and for the bank loans shown in Note 5, the bank holds a floating charge on all of the assets of the company.

5. LONG-TERM DEBT:

	Total	Current	Long-Term
Bank Loans (Note 4)	$1,363,248	$ 376,000	$ 987,248
Promissory note, interest free (Note 1)	300,000	300,000	—
Promissory note, 8% (Note 1)	40,000	40,000	—
Promissory note, 7%	100,000	—	100,000
Promissory note, 7%	371,168	50,000	321,168
	$2,174,416	$ 766,000	$1,408,416

Although the bank loans of $1,363,248 are evidenced by demand promissory notes, arrangements have been made with the bank to retire the principal amount of the loans at the rate of $31,333 per month.

6. CAPITAL STOCK:

Authorized:

2,000,000 Common shares, without par value

Issued:

	Number of Shares Issued	Amount
Balance, January 27, 1973	740,000	$1,322,350
Shares issued during year on exercise of stock options (see below)	292	2,190
Balance, January 26, 1974	740,292	$1,324,540

Employee stock option plan:

The company has set aside 36,708 common shares for its employee stock option plan. As at January 26, 1974 the company has outstanding options under this plan on 28,808 shares exercisable at prices ranging from $7.50 to $13.50 over the next ten years.

7. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

The aggregate direct remuneration for the year paid or payable to directors and senior officers amounts to $182,867.

8. LONG-TERM LEASE OBLIGATIONS:

Minimum annual store rentals under long-term leases, the longest of which expires in 1998, amount to approximately $1,177,000.

9. As a result of income tax assessments applicable to the years 1969 and 1970, the balance of retained earnings at January 27, 1973 previously reported as $1,148,709 has been restated to show a retroactive charge of $11,727 representing the cumulative amount by which income taxes as at January 27, 1973 had been increased. The opening retained earnings has been adjusted by a like amount.

10. EARNINGS PER SHARE:

Earnings per share figures were calculated using the weighted daily averages of shares outstanding during the respective year. Average number of shares outstanding during 1974 was 740,292 (1973 — 593,750). No dilution in earnings per share would result from the exercise of employee stock options.

11. RECLASSIFICATION, 1973 DEFERRED COSTS:

The 1973 deferred costs in the amount of $84,028 have been reclassified from a current asset, to a non-current asset to conform with the 1974 presentation. The statement of source and application of funds has been restated to reflect this reclassification.

OPERATIONS

Elks Stores Limited is North America's largest public company devoted exclusively to the men's wear retail business.

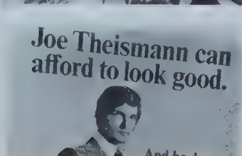
This is the forty-sixth year in which the Elks name has stood for value in men's clothing.

Today the Elks Group includes 62 retail outlets located in Ontario and Quebec. Of these, 42 are Elks stores located in major regional shopping centres in Ontario and 9 are Joe Feller stores operating in the Ottawa area and in the province of Quebec, primarily in Montreal. The typical Elks or Joe Feller outlet is situated in a prime retail location and caters to men and young men with fashions in the popular, medium to better priced ranges.

Our 3 Hampton stores emphasizing high quality and fashion cater exclusively to the carriage trade.

The activities of the Elks Group in Quebec have recently been further broadened through the acquisition of Debonnaire (of Chomedy) and the 3 stores of Dapper Dan Inc. in Montreal. Dapper Dan operates the *largest jean store in the world.*

The 2 Harry-No-Name stores in Toronto are used as large outlet stores for all the divisions in the Group. Our 2 Taylor's Fashion Centres in Sarnia have an excellent reputation for quality and fashion. The Group also operates under lease a men's and boy's department within Gray's Department Store in Windsor.



This has been the most dynamic year of growth and expansion in Elks 46-year history. NEW STORE LOCATIONS INCREASED BY 41 PERCENT. SALES INCREASED BY 47 PERCENT.

IN ONTARIO ALONE, the Group constructed 12 NEW UNITS, including 10 Elks stores, 1 Hampton's store and 1 Joe Feller store. Five of the Group's existing stores were COMPLETELY RENOVATED AND REFURBISHED stressing forward-looking design concepts in keeping with Elks progressive fashion image.

This year also marked the Group's first major entry into the QUEBEC MARKET with the construction of 2 NEW JOE FELLER STORES, in Montreal and Sherbrooke. Group ACQUISITIONS INCLUDED 2 DAPPER DAN STORES (Montreal) and 1 DEBONAIRE STORE (Chomedey).

A NEW HEAD OFFICE COMPLEX was opened to keep pace with Elks growth projections. The complex includes administrative offices, central warehousing and a complete tailoring department. Its NEW DISPLAY DEPARTMENT is equipped to supply the entire chain with visual display materials, including point-of-sale signing, artwork and photography.

OVER 100 NEW EMPLOYEES joined the Group this past year in administrative, managerial and retail sales positions, an increase of approximately 33 percent. To train these new employees, and to expose experienced staff to new concepts in retail merchandising as well, the Elks Group FOUNDED ITS OWN RETAILING COLLEGE in 1973.

NEW ADVERTISING AND MERCHANDISING concepts led to a significant share of MARKET GAINS in each Elks division, capitalizing on the rising popularity of specialty group merchandise.

TOP LEFT

Regional supervisors and managers meet regularly to keep abreast of new fashion changes and of new techniques in merchandising and store operations. Managers are retrained on a regular basis at our Retailing College in merchandising store layout and innovations in store supervision.

MIDDLE

Company management and store planners consider sites in regional centres or close to large national merchandisers. Left to right: Fred Duncan; Manuel Elkind; Archie F. Sweett.

BOTTOM LEFT

Weekly budgetary and planning meeting of the Management Committee. Shown left to right are David Dean, Office Manager and Chief Accountant; Fred Duncan; Archie F. Sweett; Manuel Elkind; Frank Kisluk; Joseph D. Clare; Rick J. Gorus, Display Manager.

Samuel Elkind, Chairman of the Board and Founder of Elks Stores Limited.

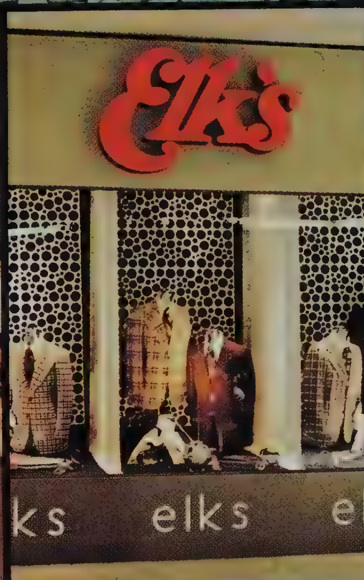
Merchandising and finance team planning new store merchandizing budget. Left to right: Archie F. Sweett; Fred Duncan; Frank Kisluk.

Merchandising team planning the fall fashion look. Pictured are Joseph D. Clare; Maurice Waxman; and buyers Harry Tuckmeyer and Dick Prestage.

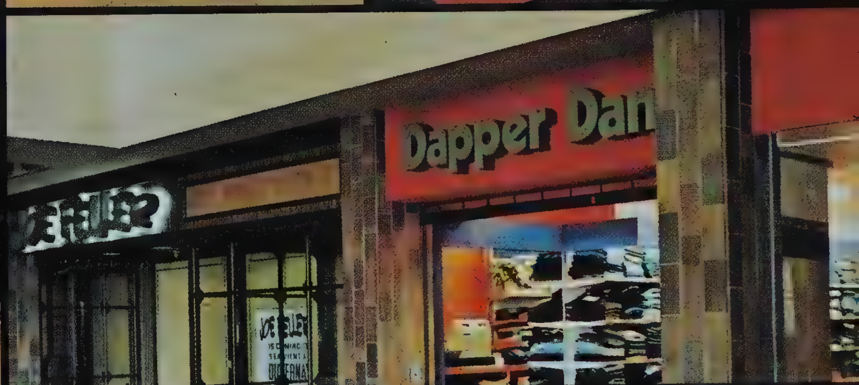

JOE FELLER


DAPPER DAN


Elk's


Elk's
ks elks el


Elk's


Dapper Dan


Dapper Dan


Elk's pant place
Levi's

DIRECTORS

Samuel Elkind
Chairman of the Board
Elks Stores Limited

***Manuel Elkind**
President and Chief Executive Officer
Elks Stores Limited

***Lewis B. Baker, Q.C.**
Gordon, Hall, Baker and Goodman

Joseph Feller
Fashion Consultant to the Company

Lloyd S. D. Fogler, Q.C.
Siegal, Fogler

***George S. Mann**
President
Unicorp Financial Inc.
Chairman of the Executive Committee, Unity Bank

Phineas Schwartz
Senior Partner
Goodman and Goodman

*Audit Committee

OFFICERS

Samuel Elkind
Chairman of the Board

Manuel Elkind
President and Chief Executive Officer

Archie F. Sweett
Vice-President and General Manager

Joseph D. Clare
General Merchandising Manager

J. Frederic Duncan
Secretary

Frank S. Kisluk, B.A., C.A.
Controller

HEAD OFFICE

1198B Caledonia Road, Toronto, Ontario M6A 2W5

TRANSFER AGENTS

United Trust Company

BANKERS

Bank of Montreal

AUDITORS

Laventhol Krekstein Horwath & Horwath

LEGAL COUNSEL

Goodman and Goodman

SHARES LISTED

Toronto Stock Exchange, Toronto

THE ELKS GROUP:
Dapper Dan Inc., Elks Pant Place, Elks Stores, Hampton's
Harry-No-Name, Joe Feller Limited
Taylor's Fashion Centres

ELKS STORES LIMITED—Head Office: 1198B Caledonia Road, Toronto, Ontario M6A 2W5

ELKS STORES LIMITED

NOTICE OF SHAREHOLDERS MEETING

TAKE NOTICE that the annual meeting of shareholders of Elks Stores Limited will be held in the York Room, Hyatt Regency, 21 Avenue Road, Toronto, Ontario, on Thursday, July 18th, 1974, at the hour of 10:00 o'clock in the forenoon (Toronto Time) for the purpose of:

(a) receiving the consolidated financial statements of the Company for the year ended January 26, 1974 and the report of the auditors thereon;

(b) electing directors;

(c) appointing auditors and authorizing the directors to fix their remuneration;

(d) transacting such further and other business as may properly come before the meeting or any adjournments thereof.

The Annual Report and an information circular accompany this notice.

A substantial representation of shareholders is desirable. If you are not able to be present in person, kindly sign and return the enclosed form of proxy in the envelope provided.

DATED at Toronto this 25th day of June, 1974.

By Order of the Board of Directors

MANUEL ELKIND,

President and
Chief Executive Officer

ELKS STORES LIMITED

Information Circular

as at June 25, 1974

FOR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 18, 1974

Solicitation of Proxies

This information circular is furnished in connection with the solicitation of proxies by management of Elks Stores Limited (the "Company") for use at the annual meeting of shareholders of the Company to be held at the time and place and for the purposes set forth in the enclosed notice of meeting. It is expected that the solicitation will be primarily by mail. The cost of solicitation will be borne by the Company.

Exercise of Discretion by Proxies

The shares represented by any proxy received by management will be voted. **In the absence of any direction to the contrary, it is intended that such shares will be voted on any poll for the election of directors and the appointment of auditors, all as described in this circular.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the notice of meeting but which may properly come before the meeting or any adjournments thereof. On the date hereof, management of the Company knows of no such matters other than routine matters incidental to the conduct of the meeting. If any further or other business is properly brought before the meeting, it is intended to vote on such other business in such manner as the person appointed as proxy then considers proper.

Appointment and Revocation of Proxies

The persons specified in the enclosed form of proxy are officers of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for him and on his behalf at the meeting or any adjournments thereof other than the persons specified in the enclosed form of proxy. Such right may be exercised by striking out the names of the specified persons and inserting the name of the shareholder's nominee in the space provided, or by completing another appropriate proxy and, in either case, delivering the proxy to the Secretary of the Company prior to the holding of the meeting.**

A shareholder executing the enclosed form of proxy has the power to revoke it at any time before it has been exercised. The Business Corporations Act (Ontario) sets out a procedure for revoking proxies by the deposit of an instrument in writing to that effect at the head office of the Company or with the Chairman of the meeting prior to its exercise.

Voting Shares and Principal Holders Thereof

Only shareholders of the Company of record at the time of the meeting will be entitled to vote at such meeting. Shareholders of the Company are entitled to one vote in respect of each share held at such time. The Company has only one class of shares. As at the date hereof, 740,308 common shares of the Company without par value were outstanding. There is no record date for determining the holders of shares who may vote at the meeting and all registered shareholders of the Company at the time of the meeting will be entitled to vote at the meeting and at any adjournments thereof.

To the knowledge of management of the Company, the following were at the date hereof, the only persons benefically owning, directly or indirectly, more than 10% of the voting shares of the Company.

Shareholder	Approximate Number of Shares Beneficially Owned	Percentage of Outstanding Shares Represented
Samuel Elkind	222,500	30%
Manuel Elkind	222,500	30%

Election of Directors

The Board of Directors consists of seven directors. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below. It is not contemplated that any of the nominees will be unable to serve as a director. However, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected, unless his office is vacated earlier in accordance with the by-laws of the Company.

The following are the names of the persons proposed to be nominated for election as directors, all other positions or offices with the Company now held by them, the principal occupation of such persons at the present time, the year in which they became a director of the Company and the approximate number of shares of the Company beneficially owned, directly or indirectly, by each of them as of the date hereof:

Name and Positions With Company	Principal Occupation	Year Became Director	Number of Shares Owned(1)
LEWIS B. BAKER Director	Partner in the law firm of Gordon, Hall, Baker & Goodman	1972	2,000
MANUEL ELKIND President & Director	Executive of Company	1968	222,500(2)
SAMUEL ELKIND Chairman of the Board & Director	Executive of Company	1968	222,500(3)
JOSEPH FELLER Director	Consultant to Company	1972	1,620
GEORGE S. MANN Director	President of Unicorp Financial Inc.	1972	8,900
PHINEAS SCHWARTZ Director	Partner in the law firm of Goodman & Goodman	1972	2,400
LORIE WAISBERG	Partner in the law firm of Goodman & Goodman	—	Nil

NOTES:

(1) The information as to shares beneficially owned, not being within the knowledge of the Company has been furnished by the respective nominees individually.

(2) Samuel Elkind is an associate of Manuel Elkind.

(3) Associates of Samuel Elkind (other than Manuel Elkind) own an aggregate of 1,700 shares of the Company.

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company for the fiscal year ended January 26, 1974 was $182,867. The aggregate amount paid by the Company under pension plans benefiting the directors and senior officers was $10,197 for the year ended January 26, 1974.

In the year ended January 26, 1974, Manuel Elkind was indebted to the Company in the maximum amount of $18,805 and Samuel Elkind was indebted to the Company in the maximum amount of $1,047. This indebtedness was short-term, bore no interest, and has been discharged.

Options to purchase 120 common shares of the Company were exercised by a director on August 13, 1974 at $7.50 per share. The price range of the shares in the preceding 30 day period was $17¼ — $17⅝.

Appointment of Auditors

The persons named in the enclosed form of proxy intend to vote for the appointment of Laventhol Krekstein Horwath & Horwath, Chartered Accountants, Toronto, as auditors of the Company to hold office until the next annual meeting of shareholders. Laventhol Krekstein Horwath & Horwath were first appointed auditors of the Company on July 16, 1971.